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SUBJECT: CAMBODIA AND THAILAND FOCUS ON BORDER ISSUES
DURING BILATERAL TALKS

Classified By: Pol/Econ Chief Margaret McKean, Reason 1.4 (b) and (d)

11. (C) Summary. Thailand and Cambodia agreed to survey and delimit their land border over the next year and resolve their maritime border claims by the end of 2007. Nearly 90 percent of Thai business claims arising from the 2003 anti-Thai riots have been addressed, but new Thai businesses are focusing more on the tourism market in Siem Reap than elsewhere in the country. The Thai Embassy rejects Cambodian claims of mistreatment based on ethnicity of Cambodian nationals at the border. The last-minute cancellation of the November 2005 RGC-GOT bilateral meetings in Siem Reap was the result of the Thai FM's urgent return to Bangkok to travel to Malaysia for the funeral of the deceased wife of the Malaysian FM, and not a reflection of GOT dissatisfaction with the Cambodian government. End Summary.

Thai-Cambodian Relations: Reasonably Good

12. (C) On February 15, Pol/Econ Chief met with Songchai Chaipatiyut, Second Secretary of the Thai Embassy, to discuss the recent bilateral talks between the Thai and Cambodian governments at the fifth Joint Commission on Bilateral Cooperation that wrapped up on February 8. Songchai said the talks had gone "reasonably well," but complained at the large number of officials participating in the meetings. Thai-Cambodian cooperation extends to 40 sectors; the total number of participants from both sides during the discussions numbered around several hundred people, said the Embassy official. The key areas of interest during the talks centered on the border demarcation of both the land and sea borders and migrant Cambodian workers seeking to enter Thailand.

13. (C) On the border issue, Cambodia and Thailand agreed to complete a five-step process to delimit their land border during CY 2006 and finalize an agreement on their maritime border in 2007 -- an agreement that Songchai believes is unrealistic. In the first place, the Thai official said that Cambodia continues to work with the Vietnamese on their joint commitment to demarcate the agreed-upon land border (save for the disputed Dak Dam section of Mondulkiri) as well as continue discussions on maritime borders. The Cambodians are also working with the Lao on their border issues, he added. The Thai-Cambodian land border is not as contentious as Cambodia's border with Vietnam, he noted, as both sides accept the French colonial borders defined in the early 20th century. Some watersheds along the border may have shifted slightly or are less well defined today, but Songchai said there is general agreement that the problem with the Thai-Cambodia border is a technical, rather than political, issue. (Note: In a separate conversation with Cambodian MFA SecState Long Visalo, the RGC official agreed on this point.

The problem with the Thai-Cambodia border, he said, is that the old border markers were spaced widely and some markers have either been lost or moved. Visalo said that the French colonial government had physically relocated people, including French colonial settlers, along the Thai-Cambodia border when the border was agreed upon over 100 years earlier; but no such population adjustment was overseen along the Cambodian-Vietnam border. End Note.)

14. (C) Nevertheless, the technical aspects of getting to the physical demarcation of the border area will take time. Songchai has worked on border negotiations with Cambodia for several years, and he acknowledged that the projected timeframe for concluding the land and maritime borders is overly optimistic. The two sides have not even begun to review the old maps and redraw the border on up-to-date maps. He noted that the overlapping claims area involving maritime oil and gas deposits is particularly controversial, but refused to speculate as to how a final agreement is likely to look. Both sides are relying on foreign legal experts and Songchai mentioned that the Cambodian side appears to be receiving private U.S. legal advice.

15. (C) A second topic of particular interest to both sides in the bilateral talks revolved around migration issues. Songchai defended the GOT's treatment of Cambodians trying to illegally enter the country. He said that the RGC continues to characterize the issue as racist but the Thai diplomat insisted that was not the case. If the Thai border police find people crossing illegally into Thai territory and request them to stop, and they refuse, the Thai law enforcement officials have the right to apprehend them, he stated. In some cases, the border officials are not aware of the persons' nationality -- whether they are Thai, Cambodian,

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Vietnamese or another nationality. But the Cambodians always complain that the Thai are discriminating against them on the basis of race. He added that the GOT is trying to regularize the procedure for Cambodians to work in Thailand, but said many Cambodians do not adhere to the law.

16. (C) Finally, Songchai explained that the previously scheduled joint commission meeting in November 2005 was canceled abruptly due to the death of the Malaysian PM's wife, and the need for the Thai FM to return to Bangkok in preparation for the funeral. Unfortunately, as the Thai delegation was heading back to Bangkok, the GOT decided to send a higher level delegation to Malaysia, but by then it was too late to restart the Thai-Cambodia meetings. The Cambodian government, continued Songchai, was unhappy with the GOT over the incident, and there were some negative press articles. He affirmed, however, there was no intentional diplomatic slight.

Thai Businesses: Heading for Siem Reap

17. (C) In response to questions concerning Thai business activity since the 2003 anti-Thai riots, Songchai said that roughly 90 percent of the compensation has been provided by the RGC; of the remaining 10 percent, some of it may never be paid out as the claimants may not pursue it for business reasons, or an agreement may not be reached between the RGC and the business in question. As to whether there is increased Thai business investment interest these days, Songchai responded that Thai businessmen are more interested in Vietnam than Cambodia. Start-up costs are too high in Cambodia, even compared with Thailand. Nearly everything must be imported, he noted. The one-stop shop for business registration at the Council for the Development of Cambodia (CDC) is good in theory, in practice it is a different story, noted the Thai diplomat. The tax issue is not straightforward in Cambodia, and Thai businesses often believe they are taxed unfairly compared with their Cambodian counterparts. Thai hotels and restaurants in Siem Reap are

another story, he added, and represent attractive business opportunities. But that is the only area where there is real movement.

18. (C) Comment: Despite the good relationship between the prime ministers, Thai-Cambodian relations still have not fully recovered from the 2003 anti-Thai riots that led to the gutting of the Thai Embassy in Phnom Penh. With this latest agreement on borders -- announced by the Thai FM at the celebration of the 55th anniversary of bilateral relations -- the Thai are effectively playing catch-up ball with the Vietnamese, who recently concluded their own border agreement with Cambodia. The Thai FM commented privately to us then that his advisors told him the agreement was too ambitious. They may have been right -- but the political message remains a positive one. End Comment.
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